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~~MONTANA CONSTITUTIONAL~~
~~CONVENTION~~

STATE DOCUMENTS

ANNUAL REPORT
OF THE
DEPARTMENT OF STATE LANDS

TO THE
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

FOR THE
FISCAL YEAR ENDED
June 30, 1971

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STATE BOARD OF
LAND COMMISSIONERS
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SUPT. OF PUBLIC INSTRUCTION

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SECRETARY OF STATE

ROBERT L. WOODAHL
ATTORNEY GENERAL

STATE OF MONTANA
DEPARTMENT OF STATE LANDS AND INVESTMENTS
STATE CAPITOL, HELENA 59601
(406-449-2074)

TED SCHWINDEN
COMMISSIONER



ROBERT RAUNDAL
CHIEF FIELD AGENT
JOHN W. OSBORNE
ADMINISTRATIVE ASST

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M., 1947, there is herewith transmitted to you the report of the Department of State Lands covering the fiscal year ended June 30, 1971.

Major accomplishments during the year included:

Centralization of state investment authority to permit optimum management of state funds;

Development of revised accounting procedures to speed flow of receipts to appropriate funds;

Elimination of issuance of official receipts for payments received, with substantial savings;

Completed recreational evaluation of 90,000 acres of state land in Yellowstone River drainage;

Established a new program to implement the reclamation legislation enacted in March, 1971.

Recommendations to facilitate the achievement of goals include:

Complement the reorganization of the Department by clearly delineating the duties and responsibilities of the Board and the Commissioner;

Establish double-entry bookkeeping system and modernize all accounting procedures in the Department.

Respectfully submitted,

A handwritten signature in cursive script, reading "Ted Schwinden".

Ted Schwinden, Commissioner
Department of State Lands

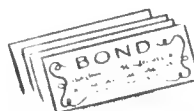


TABLE OF CONTENTS

	<u>Page</u>
Principal Offices and Officers	1
Legal References	2
Principal Goals	3
Major Accomplishments	4
Major Recommendations	7
Program Descriptions	8
Program Cost Summary and Detail	12



PRINCIPAL OFFICES AND OFFICERS

STATE BOARD OF LAND COMMISSIONERS

OFFICER

Forrest H. Anderson, Chairman
Governor

2 Carson, Helena

Dolores Colburg, Member
Superintendent of Public Instruction

301 W. Lawrence, Helena

Frank Murray, Member
Secretary of State

825 Hauser Blvd., Helena

Robert L. Woodahl, Member
Attorney General

1402 Jerome Pl., Helena

Ted Schwinden, Commissioner

PRINCIPAL OFFICE

State Capitol Building

Helena, Montana

LEGAL REFERENCES

GENERALLY

The State Board of Land Commissioners was created by the State Constitution under Article XI, Section 4, to have the direction and control of the lands granted by the Enabling Act of February 22, 1889 (25 Stat 676), under such regulations and restrictions as may be prescribed by law. Article XVII of the Constitution prescribes specific restrictions upon the administration of said grant lands.

The Department of State Lands and Investments was created in 1927 as provided in Sections 81-101 through 81-2408, R.C.M., 1947, as amended. By executive order, the Department of State Lands was reorganized effective July 1, 1971. The purpose is to administer the federal land grants to the State of Montana and the funds arising from these lands.

SPECIAL

RESOURCE DEVELOPMENT PROGRAM

The provisions of Chapter 295, Laws of 1967 (Sec. 81-2401 through 81-2408, incl., R.C.M., 1947, as amended) creating an earmarked revenue fund for the purpose of developing and conserving state land resources, are not in violation of the Constitution (Volume 32, Opinions of the Attorney General No. 8). This opinion has been confirmed by the present Attorney General.

STATE LAND ADMINISTRATION

The policy of awarding surface leases through competitive bidding is affirmed and interpreted in the Supreme Court Decision; State ex rel. Thompson v. Babcock, 147 M 46, 409 P. 2d 808.

RECLAMATION PROGRAM

Sections 50-1201 through 50-1224, and 50-1018 through 50-1033, R.C.M., 1947, assign administrative responsibility for reclamation of lands disturbed by mining operations to the Board and the Department.

PRINCIPAL GOALS

The Department of State Lands exists to administer the lands granted to the State and the state funds entrusted into its care, to the best interests of the various state schools and institutions, and for the attainment of other worthy objects helpful to the well-being of the people of the State.

The unique trust responsibility so invested in the Board of Land Commissioners, and the Department of State Lands, deserves the full understanding of the public....and the total dedication of the trustees.

The Department exists to properly manage the trust; to do less is to violate its responsibility to the trust, and to the people.

Effective March, 1971, the Department was charged with the responsibility of assuring reclamation to a beneficial use of lands disturbed by mining operations.

MAJOR ACCOMPLISHMENTS SUMMARIZED

<u>PRIORITY</u>	<u>DESCRIPTION</u>	<u>PROGRAM</u>
1.	Established centralized investment authority to permit optimum management of state funds.	Central Management
2.	Revised accounting procedures to speed flow of receipts to funds and investment availability.	Central Management
3.	Established a new program to implement the reclamation legislation enacted in March, 1971.	Reclamation
4.	Intensified resource inventory of state land tracts including a complete recreational survey of nearly 90,000 acres of state land in the Yellowstone River drainage.	Resource Development
5.	Secured increased authority for lease cancellation to improve management of state lands.	Land Administration
6.	Water rights filed for State of Montana on all wells drilled in state land to preserve this resource for future use.	Land Administration
7.	Eliminated issuance of official receipts for payments received at substantial savings in time and expenditure costs.	Central Management
8.	Invested or obligated more than \$97,000 in resource development projects to improve the revenue on state lands.	Resource Development
9.	Supervision of surface leases improved with special emphasis on overgrazed tracts.	Land Administration
10.	Adopted revised fee schedule to more adequately reflect cost of services rendered.	Central Management

MAJOR ACCOMPLISHMENTS DESCRIBED

1. Centralized Investment Authority.

Supported successful legislative action to accomplish transfer of investment authority to Department of Administration. Special legislation also passed expanding investment authority of Trust and Legacy funds, and a Supreme Court advisory opinion requested. Negotiations for an exchange of Trust and Legacy portfolio begun with objective of increasing returns to the trust of more than \$500,000 annually.

2. Revision of Accounting Procedures.

Adoption of new receipting procedures permits daily deposit of all monies received. Distribution to appropriate funds is made with increased regularity to facilitate prompt investment of available monies.

3. Reclamation Program.

Following enactment of Chapters 224 and 252, immediate steps were taken to secure a special \$20,000 appropriation. Chapter 224 was fully operative administratively within one month of passage. Proposed regulations to implement Chapter 252 were drafted and submitted to public hearing.

4. Recreational Inventory.

On a matched funding basis with Bureau of Outdoor Recreation, an on-site evaluation of some 90,000 acres of state land in the Yellowstone River drainage was conducted. Using criteria developed in cooperation with other state and federal agencies, tracts were rated in terms of recreation potential. The results afford an opportunity to make intelligent application of the multiple-use management concept.

5. Lease Cancellation Authority.

Drafted legislation suggested by the Legislative Council in 1960 to grant Commissioner authority to cancel leases, with right of appeal. Legislative approval will permit more effective management of problem tracts.

6. Appropriation of Water.

To insure that water will be available for future use on state lands, appropriations of surface or underground water are made in all possible instances. Lessee-drilled wells are filed as underground water commitments on behalf of the State.

MAJOR ACCOMPLISHMENTS DESCRIBED (Cont'd)

7. Elimination of Official Receipting.

On recommendation of the Legislative Auditor, prepared legislation to eliminate practice of issuing some 25,000 official receipts for monies received. Receipts will be issued for cash payments, and when requested by payor. Savings in time and printing are estimated at \$5,000 annually.

8. Resource Development Projects.

More than \$97,000 invested in projects to improve revenue from state lands. More than 200 acres were readied for irrigation by leveling or water spreading. More than 2600 acres of range land were improved by sage elimination.

9. Improved Grazing Management.

When abused range is identified, management plans are implemented and a regular inspection instituted to assure restoration of productivity.

10. Revised Fee Schedules.

Legislation drafted and approved which abolished statutory fees for services provided by the Department. A new fee schedule approved by the Board should nearly double receipts to the general fund and more adequately reflect the cost of services provided.

MAJOR RECOMMENDATIONS SUMMARIZED

<u>PRIORITY</u>	<u>RECOMMENDATION</u>	<u>PROGRAM</u>
1.	Complement the reorganization of the Department by clearly delineating respective duties and responsibilities of the Board of Land Commissioners and the Commissioner.	Central Management
2.	Complete the modernization of accounting methods and procedures to assure optimum fiscal control of all funds.	Central Management

REVIEW OF LAST YEAR'S MAJOR RECOMMENDATIONS: CENTRAL MANAGEMENT

1971 Legislature approved:

1. Creation of centralized investment authority.
2. Sufficient funds to permit update of accounting procedures as requested by Legislative Auditor.
3. Elimination of fees set by statute.
4. Appropriation to hire a research assistant to codify Land Board policies, draft rules and regulations covering use of state lands and institute action to perfect title to state land.
5. Elimination of receipts issued for payments.

REVIEW OF LAST YEAR'S MAJOR RECOMMENDATIONS: LAND ADMINISTRATION

1971 Legislature approved:

1. Additional funding to hire a deputy field agent to assist in appraisals and accelerate program of selection of 20,000 acres left to be selected by the state.
2. Legislation giving authority to Commissioner to cancel leases with right of appeal.

All major recommendations made in 1970 were accomplished.

PROGRAM DESCRIPTIONS

PROGRAM: CENTRAL MANAGEMENT

GOAL

Provide all of the clerical and accounting procedures relating to the lease or sale of state lands.

OBJECTIVES

1. To clearly define areas of respective responsibilities of Board of Land Commissioners and Department director.
2. Develop written rules and regulations relating to all state land policies and uses.
3. Fully implement modern accounting techniques.

ACHIEVEMENTS

1. An inventory and index of mineral rights on state lands nearly completed.
2. Research assistant authorized by legislature to develop rules and regulations governing use of state lands.
3. Established revised money receipting procedures with daily depositing of all funds.
4. Developed personnel policies for Department personnel.
5. Hand posting eliminated on 1971 lease renewals.

PERFORMANCE INDICATORS

Fiscal Year.		
	1968-1969	1969-1970	1970-1971
Cost	\$ 227,549	\$ 231,620	\$ 235,321
Income: All sources*	12,328,791	10,531,013	10,327,632

*Fluctuation of income due to crop variation and changes in oil and gas leasing activity.

PROGRAM DESCRIPTIONS

PROGRAM: LAND ADMINISTRATION

GOAL

Conduct appraisal and field supervision of all grant lands including appraisal for sales and rights-of-way; excluding those lands classified as being principally valuable for timber. The lands are to be so managed as to return the highest return commensurate with sound resource management.

OBJECTIVES

1. To more effectively manage the land resource through selective supervision. Where land abuse is found, management plans are implemented and regular checks made.
2. To accelerate the program of indemnity selection so the common school grant may be fully satisfied...approximately 20,000 acres remain to be selected.
3. To intensify the effort to insure that crop returns on state lands reflect the full state share.

ACHIEVEMENTS

1. Underground water rights are filed on behalf of the state for all wells drilled on state land to make certain this resource may be preserved for the state land.
2. The Commissioner has statutory authority to cancel leases for violation, with right of appeal for the lessee. This is a most valuable management tool in resource management.
3. The legislature authorized the position of Deputy Field Agent to improve the management function and assume primary responsibility for land selection.
4. After careful evaluation of services provided, the Miles City field office was closed on June 30, 1971, at an annual savings of nearly \$800.

PERFORMANCE INDICATORS

 Fiscal Year.		
	1968-1969	1969-1970	1970-1971
Cost	\$ 92,494	\$ 96,100	\$ 97,939
Performance:			
Leases appraised	1,400	1,500	1,300
District field offices	\$ 5,261	\$ 3,231	\$ 1,456
Special field men	\$ 13,792	\$ 5,012	\$ 4,297

PROGRAM DESCRIPTIONS

PROGRAM: RESOURCE DEVELOPMENT

GOAL

To develop and improve the state's grant lands for increasing returns to the trust funds and to restore or preserve the lands to optimum potential. To perfect title to lands claimed by the State of Montana. To develop meaningful inventory information on state tracts.

OBJECTIVES

1. In cooperation with lessees, to invest state funds in projects to improve and increase trust revenue. Where irrigation potential exists, appropriations of water are made on behalf of the state.
2. To expand the data available on resource potential to assure that the concept of multiple-use management may be meaningfully applied.

ACHIEVEMENTS

1. State lands with irrigation potential are being identified as rapidly as possible.
2. A complete recreation inventory was completed for approximately 90,000 acres of state land in the Yellowstone drainage.
3. The State of Montana was awarded title to an island in Dawson County, pending appeal by the U.S. More than \$55,000 in oil royalties are in escrow pending a final decision.
4. Mineral evaluations have been made on all University grant lands. Evaluations of other state land made by the Bureau of Mines have been obtained.
5. Archaeological value location maps are being acquired and utilized when available.

PERFORMANCE INDICATORS

 Fiscal Year.		
	1968-1969	1969-1970	1970-1971
Cost	\$ 50,321	\$ 104,726	\$ 76,773
Projects Evaluated		87	149
Approved	2	9	14
Pending		10	26
Funds invested in Projects	\$ 8,131	\$ 73,398	\$ 37,041
Funds Obligated	\$ 68,744	\$ 23,730	\$ 70,923
Projects in Engineering		\$ 21,000	\$123,250

PROGRAM DESCRIPTIONS

PROGRAM: RECLAMATION

GOAL

To enforce the environmental and reclamation responsibilities set forth in Sections 50-1201 through 50-1224, and 50-1018 through 50-1033, R.C.M., 1947. Through completion of contracts, licenses and permits, supported by adequately bonded reclamation plans, the program assures that lands disturbed by mining operations will be reclaimed to a beneficial use.

OBJECTIVES

1. To complete staffing of professionally competent personnel to implement and administer the reclamation acts.
2. To develop comprehensive rules and regulations for Board promulgation.
3. To establish administrative and supervisory guidelines to insure that the intent of the legislation is carried out.

ACHIEVEMENTS

1. Partial staffing was accomplished with a special legislative appropriation.
2. Chapter 224 was fully implemented within one month of passage.

PERFORMANCE INDICATORS

Fiscal Year. . . .
	1970-1971
Cost	\$ 10,039*
*Program initiated March, 1971.	

PROGRAM COST SUMMARY

<u>PROGRAM</u>	<u>FISCAL YEAR</u>		<u>INCREASE (DECREASE)</u>
	1970-1971	1969-1970	
Central Management	\$235,321	\$231,620	\$ 3,701
Land Administration	97,939	96,100	1,839
Resource Development	76,773	104,726	(26,953)*
Reclamation	10,039	--	--

* Project encumbrances of \$70,923 not included in Fiscal Year 1971.

PROGRAM COST DETAIL

<u>PROGRAM</u>	<u>1970-1971 F/Y</u>	<u>Personal Services</u>	<u>Operations</u>	<u>Capital</u>	<u>Grants & Benefits</u>
Central Management	\$235,321	\$88,487	\$13,483	\$573	\$132,778
Land Administration	97,939	72,398	25,041	500	--
Resource Development	76,773	18,811	21,361	36,601	--
Reclamation	10,039	4,241	4,811	986	--

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ANNUAL REPORT
OF THE
DEPARTMENT OF STATE LANDS

TO THE
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

MONTANA STATE LIBRARY
930 East Lyndale Avenue
Helena, Montana 59601

FOR THE
FISCAL YEAR ENDED

June 30, 1972

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Department of State Lands covering the fiscal year ended June 30, 1972.

Major accomplishments during the year include:

1. Substantial reversions to the general fund resulting from modernization of clerical and accounting procedures;
2. Establishment of double-entry bookkeeping;
3. Completion of the first tract-by-tract listing of all state land ownership, by county and grants;
4. Developed rules and regulations and implemented administration of Montana's reclamation acts.

Respectfully submitted,



Ted Schwinden, Commissioner

TABLE OF CONTENTS

	<u>Page</u>
Principal Offices and Officers-----	1
Legal References-----	2
Principal Goals-----	3
Major Accomplishments-----	4
Program Descriptions-----	6
Program Cost Summary-----	12

PRINCIPAL OFFICES AND OFFICERS

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OFFICER

Forrest H. Anderson, President
Governor

2 Carson, Helena

Dolores Colburg, Member
Superintendent of Public Instruction

301 W. Lawrence, Helena

Frank Murray, Member
Secretary of State

825 Hauser Blvd., Helena

Robert L. Woodahl, Member
Attorney General

1402 Jerome Pl., Helena

COMMISSIONER

Ted Schwinden

Central Management Division
Administrator
Surface Lease Bureau, Chief
Mineral Bureau, Chief (Acting)
Accounting Bureau, Chief

John Osborne
Rae Smith
Sandra Curfman
Barbara Chapman

Land Administration
Administrator

Robert Raundal

Resource Development Division
Administrator (Acting)

Robert Duncan

Reclamation Division
Administrator (Acting)

John Goers

Principal Office

State Capitol Building
Helena, Montana 59601

LEGAL REFERENCES

GENERALLY

The State Board of Land Commissioners was created by the State Constitution under Article XI, Section 4, to have the direction and control of the lands granted by the Enabling Act of February 22, 1889 (25 Stat 676), under such regulations and restrictions as may be prescribed by law. Article XVII of the Constitution prescribes specific restrictions upon the administration of said grant lands.

The Department of State Lands was re-established by Title 82A, Chapter 11, R.C.M.; authority and responsibilities are set forth in Title 81. The purpose is to administer the federal land grants to the State of Montana, and the funds arising from these lands.

Title 50, Chapters 10 and 12, gives responsibility to the Department for the assurance of reclamation on lands disturbed by mining.

SPECIAL

RESOURCE DEVELOPMENT

The provisions of Chapter 295, Laws of 1967 (Sec. 81-2401-2408 incl., R.C.M., 1947, as amended) creating an earmarked revenue fund for the purpose of developing and conserving state land resources, are not in violation of the Constitution (Volume 32, Opinions of the Attorney General No. 8).

STATE LAND ADMINISTRATION

The policy of awarding surface leases through competitive bidding is affirmed and interpreted in the Supreme Court Decision; State ex rel. Thompson v. Babcock, 147 M 46, 409 P 2d 808.

PRINCIPAL GOALS

The Department of State Lands exists to administer the lands granted to the state and the state funds entrusted into its care, to the best interests of the various state schools and institutions, and for the attainment of other worthy objects helpful to the well-being of the people of the state.

The State land resource is to be so managed as to insure its optimum use and secure an adequate return to the trust.

The Department is further charged with the administration of Montana's reclamation laws. In that responsibility the agency must assure that lands disturbed by mining be restored to productive and beneficial use by requiring the best reclamation possible under existing circumstances.

MAJOR ACCOMPLISHMENTS

CENTRAL MANAGEMENT PROGRAM

1. Investment authority was transferred to the Investment Division, Department of Administration, resulting in significant improvement of returns to the trust.
2. Continued modernization of accounting procedures by establishing double-entry bookkeeping, and machine posting of lease records.
3. Revised fee schedule for Department services resulted in increase of more than \$50,000 to the general fund.
4. Completed inventory of mineral ownership on all state lands.

LAND ADMINISTRATION PROGRAM

1. Made field appraisals of 1700 surface leases (nearly 20% of total).
2. Assigned one staff member to work with the Bureau of Land Management to complete the selection of state lands still due the State of Montana by terms of the Enabling Act.
3. Established bonding procedures for surface leases to protect the state's interest.

RESOURCE DEVELOPMENT PROGRAM

1. Invested or obligated \$187,511 of resource development funds in projects to protect or enhance the state land resource.
2. Completed an extensive resource inventory on 81,000 acres of state land on the east slope of the Continental Divide.
3. Compiled and printed the first complete tract by tract listing of state lands by size, description, grant and county.
4. Adopted a rental waiver policy on state lands to encourage lessee investment in range renovation and improvement.

RECLAMATION PROGRAM

1. Developed and staffed a new program as directed by the 1971 legislature.
2. Focused public attention on problems attendant to coal development, and urged federal agencies to assert more positive control over mining activities on public lands.
3. Discovered the activities of Zweifel Enterprise in Montana and referred the matter to the Attorney General for appropriate action.

PROGRAM DESCRIPTIONS

PROGRAM: CENTRAL MANAGEMENT

GOAL

Provide the clerical and accounting services to the management of state lands.

OBJECTIVES

1. Develop written departmental policies to establish clear lines of authority within the Department.
2. Continue to evaluate department procedures to assure prompt and efficient handling of administrative business.
3. Maintain and improve fiscal control of appropriated and school funds.

ACHIEVEMENTS

1. Transferred investment authority to Department of Administration as a result of executive reorganization; project 32% increase in interest income in 73-75 biennium.
2. Improved accounting procedures by instituting double entry bookkeeping and machine posting of lease records.
3. Completed inventory of mineral ownership on all state lands and established file of ownership and lease status.
4. Adopted new fee schedule for services performed as authorized by 1971 legislature with resulting increase in revenue to general fund of more than \$50,000.
5. Reverted more than \$18,000 to general fund from Central Management and Land Administration Programs as a result of modernized accounting procedures and implementation of reorganization.
6. Adopted higher rental rate on coal leases.
7. Inventoried all department records and destroyed all such records found to have no historic or administrative value.

PERFORMANCE INDICATORS

Factor	F/Y 71-72	F/Y 70-71
Income	\$11,194,810	\$10,327,632
General Fund Receipts	\$ 75,417	\$ 21,469

PROGRAM: LAND ADMINISTRATION

GOAL

Manage all state trust lands so as to secure the optimum advantage to the state through adequate appraisal and supervision.

OBJECTIVES

1. Appraise each tract of state land the year prior to lease renewal.
2. Identify tracts with problems and institute management necessary to protect and improve the resource.
3. Expand information as to the potential of all state tracts to determine best use.
4. Complete the selection of federal lands still due the state.

ACHIEVEMENTS

1. Kept appraisals current despite the fact that nearly 20% of all surface leases are up for renewal.
2. Assigned one staff member to work with Bureau of Land Management to complete the selection of 20,000 acres still due the State of Montana under terms of the Enabling Act.
3. Reduced field office cost to less than \$800 by closing Miles City office and sharing space in Glasgow; in F/Y 1969 field office cost was \$5,261.
4. Secured Board approval of surety bond for surface leasing to protect the interest of the state.
5. Secured approval of constitutional change to permit the exchange of state lands.

PERFORMANCE INDICATORS

Factor	F/Y 71-72	F/Y 70-71
Leases appraised	1700	1300
District Field office cost	\$ 733	\$ 1,456

PROGRAM: RESOURCE DEVELOPMENT

GOAL

Develop or preserve state grant lands so as to increase returns to the trust, and to perfect title to lands claimed by the state.

OBJECTIVES

1. Invest state funds, from earmarked account, in projects that will maintain or increase the revenue from state lands.
2. Accumulate resource information on tracts of state land to assure optimum use.
3. Institute action to secure title to lands claimed by the state.

ACHIEVEMENTS

1. Invested or obligated \$187,511 of state funds in capital projects to preserve or enhance the income from state lands.
2. Completed a comprehensive resource inventory of 81,000 acres of state land on drainages east of the Continental Divide.
3. Compiled the first complete tract by tract listing of all state land by county, description, grant and carrying capacity.
4. Secured Board approval of a rental waiver policy on state grazing lands to encourage lessees to invest their funds in range improvement.

PERFORMANCE INDICATORS:

	F/Y 72	F/Y 71
Projects Evaluated:	102	149
Approved:	18	14
Pending:	23	26
Funds Invested in Projects:	\$103,429	\$ 36,334
Funds obligated for projects under construction at end of fiscal year:	\$ 84,082	\$ 70,923
Projects in engineering:	\$200,000	\$123,250

PROGRAM: RECLAMATION

GOAL

Assure that lands disturbed by mining be reclaimed to a productive and beneficial use; that water quality not be degraded by exploration or mining activity; and that archaeologic or historic values be preserved.

OBJECTIVES

1. To adequately cope with reclamation problems associated with expanding coal strip mining activity in eastern Montana.
 - a. To gather additional data relevant to specific reclamation problems.
 - b. To establish an office in southeastern Montana so that coal and bentonite mining operations can be inspected frequently.
2. To work with mining company officials so that reclamation problems may be anticipated and dealt with before equipment is acquired and earth-moving begins.
3. Draft legislation to correct deficiencies in present statutes.

ACHIEVEMENTS

1. Implemented the objectives of the 1971 legislature by establishing administrative procedures to assure reclamation of lands disturbed by surface mining.
2. Staffed the program with specialists in fields of mining geology, range management, soils and wildlife.
3. Prepared and adopted rules and regulations pursuant to Chapter 252, Session Laws of 1971.
4. Developed file of certificates of claim location; discovered the activities of Zweifel Enterprises and referred to Attorney General for legal action.
5. Urged all coal companies operating under 'voluntary' contracts to comply with 1971 act.

ACHIEVEMENTS CONTINUED

6. Developed new techniques to assure better reclamation; in particular have been successful in requiring salvage and use of topsoil on disturbed areas.

PERFORMANCE INDICATORS:

	F/Y 71-72	F/Y 70-71
Reclamation Contracts Issued (23 under review)	92	* 5
Exploration Licenses Issued	71	** _____
Development Permits Issued	1	** _____
Operating Permits Issued	27	** _____
Small Miner Exclusion Statements	425	** _____
Certificates of Claim Location filed	6000	** _____

* The Montana Open Cut or Strip Mined Reclamation Act became fully operative in April 1971.

** Statutes under which the subject documents were issued or filed were not operative in F/Y 1971.

PROGRAM COST SUMMARY

	<u>F/Y 1971-72</u>	<u>F/Y 1970-71</u>	<u>Increase (Decrease)</u>
Central Management	\$ 262,537	\$ 235,321	\$ 27,216
Land Administration	108,786	97,939	10,847
Resource Development	235,034	76,773	158,261 (1)
Reclamation	<u>62,067</u>	<u>10,039</u>	<u>52,028 (2)</u>
TOTAL PROGRAM	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>
Personal Services	\$ 250,380	\$ 183,937	\$ 66,443
Operating Expenses	78,884	64,696	14,188
Capital	194,160	38,661	155,499 (1)
Grants and Benefits	<u>145,000</u>	<u>132,778</u>	<u>12,222 (3)</u>
TOTAL BY OBJECT	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>
General Fund	\$ 429,710	\$ 343,299	\$ 86,411
Earmarked Revenue Fund	<u>238,714</u>	<u>76,773</u>	<u>161,941</u>
TOTAL FUNDING	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>

(1) Increase in Resource Development project investments.

(2) Special appropriation for new program F/Y 1971.

(3) Legislature increased funding for the tax equalization payments to counties.

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STATE DOCUMENTS

ANNUAL REPORT
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TO THE
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

FOR THE
FISCAL YEAR ENDED

June 30, 1972

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930 E st Lyndale Avenue
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The Honorable Forrest H. Anderson
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Helena, Montana

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Department of State Lands covering the fiscal year ended June 30, 1972.

Major accomplishments during the year include:

1. Substantial reversions to the general fund resulting from modernization of clerical and accounting procedures;
2. Establishment of double-entry bookkeeping;
3. Completion of the first tract-by-tract listing of all state land ownership, by county and grants;
4. Developed rules and regulations and implemented administration of Montana's reclamation acts.

Respectfully submitted,

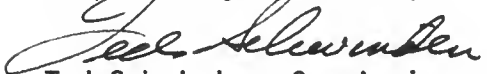

Ted Schwinden, Commissioner

TABLE OF CONTENTS

	<u>Page</u>
Principal Offices and Officers-----	1
Legal References-----	2
Principal Goals-----	3
Major Accomplishments-----	4
Program Descriptions-----	6
Program Cost Summary-----	12

((



PRINCIPAL OFFICES AND OFFICERS

STATE BOARD OF LAND COMMISSIONERS

OFFICER

Forrest H. Anderson, President
Governor

2 Carson, Helena

Dolores Colburg, Member
Superintendent of Public Instruction

301 W. Lawrence, Helena

Frank Murray, Member
Secretary of State

825 Hauser Blvd., Helena

Robert L. Woodahl, Member
Attorney General

1402 Jerome Pl., Helena

COMMISSIONER

Ted Schwinden

Central Management Division
Administrator
Surface Lease Bureau, Chief
Mineral Bureau, Chief (Acting)
Accounting Bureau, Chief

John Osborne
Rae Smith
Sandra Curfman
Barbara Chapman

Land Administration
Administrator

Robert Raundal

Resource Development Division
Administrator (Acting)

Robert Duncan

Reclamation Division
Administrator (Acting)

John Goers

Principal Office

State Capitol Building
Helena, Montana 59601

LEGAL REFERENCES

GENERALLY

The State Board of Land Commissioners was created by the State Constitution under Article XI, Section 4, to have the direction and control of the lands granted by the Enabling Act of February 22, 1889 (25 Stat 676), under such regulations and restrictions as may be prescribed by law. Article XVII of the Constitution prescribes specific restrictions upon the administration of said grant lands.

The Department of State Lands was re-established by Title 82A, Chapter 11, R.C.M.; authority and responsibilities are set forth in Title 81. The purpose is to administer the federal land grants to the State of Montana, and the funds arising from these lands.

Title 50, Chapters 10 and 12, gives responsibility to the Department for the assurance of reclamation on lands disturbed by mining.

SPECIAL

RESOURCE DEVELOPMENT

The provisions of Chapter 295, Laws of 1967 (Sec. 81-2401-2408 incl., R.C.M., 1947, as amended) creating an earmarked revenue fund for the purpose of developing and conserving state land resources, are not in violation of the Constitution (Volume 32, Opinions of the Attorney General No. 8).

STATE LAND ADMINISTRATION

The policy of awarding surface leases through competitive bidding is affirmed and interpreted in the Supreme Court Decision; State ex rel. Thompson v. Babcock, 147 M 46, 409 P 2d 808.

PRINCIPAL GOALS

The Department of State Lands exists to administer the lands granted to the state and the state funds entrusted into its care, to the best interests of the various state schools and institutions, and for the attainment of other worthy objects helpful to the well-being of the people of the state.

The State land resource is to be so managed as to insure its optimum use and secure an adequate return to the trust.

The Department is further charged with the administration of Montana's reclamation laws. In that responsibility the agency must assure that lands disturbed by mining be restored to productive and beneficial use by requiring the best reclamation possible under existing circumstances.

MAJOR ACCOMPLISHMENTS

CENTRAL MANAGEMENT PROGRAM

1. Investment authority was transferred to the Investment Division, Department of Administration, resulting in significant improvement of returns to the trust.
2. Continued modernization of accounting procedures by establishing double-entry bookkeeping, and machine posting of lease records.
3. Revised fee schedule for Department services resulted in increase of more than \$50,000 to the general fund.
4. Completed inventory of mineral ownership on all state lands.

LAND ADMINISTRATION PROGRAM

1. Made field appraisals of 1700 surface leases (nearly 20% of total).
2. Assigned one staff member to work with the Bureau of Land Management to complete the selection of state lands still due the State of Montana by terms of the Enabling Act.
3. Established bonding procedures for surface leases to protect the state's interest.

RESOURCE DEVELOPMENT PROGRAM

1. Invested or obligated \$187,511 of resource development funds in projects to protect or enhance the state land resource.
2. Completed an extensive resource inventory on 81,000 acres of state land on the east slope of the Continental Divide.
3. Compiled and printed the first complete tract by tract listing of state lands by size, description, grant and county.
4. Adopted a rental waiver policy on state lands to encourage lessee investment in range renovation and improvement.

RECLAMATION PROGRAM

1. Developed and staffed a new program as directed by the 1971 legislature.
2. Focused public attention on problems attendant to coal development, and urged federal agencies to assert more positive control over mining activities on public lands.
3. Discovered the activities of Zweifel Enterprise in Montana and referred the matter to the Attorney General for appropriate action.

PROGRAM DESCRIPTIONS

PROGRAM: CENTRAL MANAGEMENT

GOAL

Provide the clerical and accounting services to the management of state lands.

OBJECTIVES

1. Develop written departmental policies to establish clear lines of authority within the Department.
2. Continue to evaluate department procedures to assure prompt and efficient handling of administrative business.
3. Maintain and improve fiscal control of appropriated and school funds.

ACHIEVEMENTS

1. Transferred investment authority to Department of Administration as a result of executive reorganization; project 32% increase in interest income in 73-75 biennium.
2. Improved accounting procedures by instituting double entry bookkeeping and machine posting of lease records.
3. Completed inventory of mineral ownership on all state lands and established file of ownership and lease status.
4. Adopted new fee schedule for services performed as authorized by 1971 legislature with resulting increase in revenue to general fund of more than \$50,000.
5. Reverted more than \$18,000 to general fund from Central Management and Land Administration Programs as a result of modernized accounting procedures and implementation of reorganization.
6. Adopted higher rental rate on coal leases.
7. Inventoried all department records and destroyed all such records found to have no historic or administrative value.

PERFORMANCE INDICATORS

Factor	F/Y 71-72	F/Y 70-71
Income	\$11,194,810	\$10,327,632
General Fund Receipts	\$ 75,417	\$ 21,469

PROGRAM: LAND ADMINISTRATION

GOAL

Manage all state trust lands so as to secure the optimum advantage to the state through adequate appraisal and supervision.

OBJECTIVES

1. Appraise each tract of state land the year prior to lease renewal.
2. Identify tracts with problems and institute management necessary to protect and improve the resource.
3. Expand information as to the potential of all state tracts to determine best use.
4. Complete the selection of federal lands still due the state.

ACHIEVEMENTS

1. Kept appraisals current despite the fact that nearly 20% of all surface leases are up for renewal.
2. Assigned one staff member to work with Bureau of Land Management to complete the selection of 20,000 acres still due the State of Montana under terms of the Enabling Act.
3. Reduced field office cost to less than \$800 by closing Miles City office and sharing space in Glasgow; in F/Y 1969 field office cost was \$5,261.
4. Secured Board approval of surety bond for surface leasing to protect the interest of the state.
5. Secured approval of constitutional change to permit the exchange of state lands.

PERFORMANCE INDICATORS

Factor	F/Y 71-72	F/Y 70-71
Leases appraised	1700	1300
District Field office cost	\$ 733	\$ 1,456

PROGRAM: RESOURCE DEVELOPMENT

GOAL

Develop or preserve state grant lands so as to increase returns to the trust, and to perfect title to lands claimed by the state.

OBJECTIVES

1. Invest state funds, from earmarked account, in projects that will maintain or increase the revenue from state lands.
2. Accumulate resource information on tracts of state land to assure optimum use.
3. Institute action to secure title to lands claimed by the state.

ACHIEVEMENTS

1. Invested or obligated \$187,511 of state funds in capital projects to preserve or enhance the income from state lands.
2. Completed a comprehensive resource inventory of 81,000 acres of state land on drainages east of the Continental Divide.
3. Compiled the first complete tract by tract listing of all state land by county, description, grant and carrying capacity.
4. Secured Board approval of a rental waiver policy on state grazing lands to encourage lessees to invest their funds in range improvement.

PERFORMANCE INDICATORS:

	F/Y 72	F/Y 71
Projects Evaluated:	102	149
Approved:	18	14
Pending:	23	26
Funds Invested in Projects:	\$103,429	\$ 36,334
Funds obligated for projects under construction at end of fiscal year:	\$ 84,082	\$ 70,923
Projects in engineering:	\$200,000	\$123,250

PROGRAM: RECLAMATION

GOAL

Assure that lands disturbed by mining be reclaimed to a productive and beneficial use; that water quality not be degraded by exploration or mining activity; and that archaeological or historic values be preserved.

OBJECTIVES

1. To adequately cope with reclamation problems associated with expanding coal strip mining activity in eastern Montana.
 - a. To gather additional data relevant to specific reclamation problems.
 - b. To establish an office in southeastern Montana so that coal and bentonite mining operations can be inspected frequently.
2. To work with mining company officials so that reclamation problems may be anticipated and dealt with before equipment is acquired and earth-moving begins.
3. Draft legislation to correct deficiencies in present statutes.

ACHIEVEMENTS

1. Implemented the objectives of the 1971 legislature by establishing administrative procedures to assure reclamation of lands disturbed by surface mining.
2. Staffed the program with specialists in fields of mining geology, range management, soils and wildlife.
3. Prepared and adopted rules and regulations pursuant to Chapter 252, Session Laws of 1971.
4. Developed file of certificates of claim location; discovered the activities of Zweifel Enterprises and referred to Attorney General for legal action.
5. Urged all coal companies operating under 'voluntary' contracts to comply with 1971 act.

ACHIEVEMENTS CONTINUED

6. Developed new techniques to assure better reclamation; in particular have been successful in requiring salvage and use of topsoil on disturbed areas.

PERFORMANCE INDICATORS:

	F/Y 71-72	F/Y 70-71
Reclamation Contracts Issued (23 under review)	92	* 5
Exploration Licenses Issued	71	** _____
Development Permits Issued	1	** _____
Operating Permits Issued	27	** _____
Small Miner Exclusion Statements	425	** _____
Certificates of Claim Location filed	6000	** _____

* The Montana Open Cut or Strip Mined Reclamation Act became fully operative in April 1971.

** Statutes under which the subject documents were issued or filed were not operative in F/Y 1971.

PROGRAM COST SUMMARY

	<u>F/Y 1971-72</u>	<u>F/Y 1970-71</u>	<u>Increase (Decrease)</u>
Central Management	\$ 262,537	\$ 235,321	\$ 27,216
Land Administration	108,786	97,939	10,847
Resource Development	235,034	76,773	158,261 (1)
Reclamation	<u>62,067</u>	<u>10,039</u>	<u>52,028 (2)</u>
TOTAL PROGRAM	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>
Personal Services	\$ 250,380	\$ 183,937	\$ 66,443
Operating Expenses	78,884	64,696	14,188
Capital	194,160	38,661	155,499 (1)
Grants and Benefits	<u>145,000</u>	<u>132,778</u>	<u>12,222 (3)</u>
TOTAL BY OBJECT	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>
General Fund	\$ 429,710	\$ 343,299	\$ 86,411
Earmarked Revenue Fund	<u>238,714</u>	<u>76,773</u>	<u>161,941</u>
TOTAL FUNDING	<u>\$ 668,424</u>	<u>\$ 420,072</u>	<u>\$ 248,352</u>

(1) Increase in Resource Development project investments.

(2) Special appropriation for new program F/Y 1971.

(3) Legislature increased funding for the tax equalization payments to counties.

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STATE DOCUMENTS

REC-2 1974

ANNUAL REPORT
of the
DEPARTMENT OF STATE LANDS

TO THE
GOVERNOR OF MONTANA
HONORABLE THOMAS L. JUDGE

FOR THE
FISCAL YEAR ENDED
June 30, 1973

Helena, Montana 59601
Middle Avenue

Date Due

MS# DEC 25 '74					
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 Montana. Dept. of State
 Lands.
 Report, 1973.

S/336.1/L3r/1973.
 Montana. Dept. of State Lands.
 Report, 1973.

STATE DUE

MONTANA STATE LIBRARY
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 Helena, MT 59601

The Honorable Thomas L. Judge
Governor
State of Montana
Helena, Montana 59601

Dear Governor Judge:

In accordance with the requirements of Section 82-4002, R.C.M., 1947,
there is herewith transmitted to you the report of the Department of
State Lands covering the fiscal year ended June 30, 1973.

Major Accomplishments during the year include:

1. Developed rules and regulations and implemented administration of Montana's reclamation acts.
2. Increased classification inventory of state trust lands for recreational value.
3. Completed evaluations of mineral characteristics of federal lands to be selected by state to fulfill original grants.
4. Reverted \$25,451 to the general fund from appropriated levels.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ted Schwinden".

Ted Schwinden, Commissioner

TABLE OF CONTENTS

	<u>Page</u>
Principal Offices and Officers-----	1
Legal References-----	2
Principal Goals-----	3
Major Accomplishments-----	4
Program Inventory and Cost Analysis Summary-----	5
Program Descriptions and Performance Analysis-----	6

PRINCIPAL OFFICES AND OFFICERS

STATE BOARD OF LAND COMMISSIONERS

OFFICER

Thomas L. Judge, President Governor	2 Carson, Helena
Dolores Colburg, Member Superintendent of Public Instruction	528 W. Lawrence, Helena
Frank Murray, Member Secretary of State	825 Hauser Blvd., Helena
Robert L. Woodahl, Member Attorney General	1402 Jerome Pl., Helena
*E. V. Omholt, Member State Auditor	1915 12th St., Helena

PRINCIPAL ADMINISTRATIVE OFFICERS**

Commissioner	Ted Schwinden
Land Administration Division	
Administrator	Robert S. Raundal
Resource Development Bureau, Chief	Wilbur Erbe
Field Bureau, Chief	Gilman Mirehouse
Centralized Services Division	
Administrator	John Osborne
Surface Lease Bureau, Chief	Rae Smith
Mineral Bureau, Chief	Sandra Curfman
Accounting Bureau, Chief	Barbara Chapman
Reclamation Division	
Administrator	C. C. McCall
Staff Services Division	
Administrator	Robert S. Duncan
Principal Office	State Capitol Building Helena, Montana 59601

*The Montana Constitution ratified June 6, 1972 added the State Auditor as a member of the State Board of Land Commissioners as of July 1, 1973.

**On July 1, 1973 in accordance with provisions of the Executive Reorganization Act the Commissioner restructured the Department with approval from the Governor. The Resource Development Division was reorganized as a Bureau and attached to the Land Administration Division. A new Staff Services Division was created to handle legal, environmental and program development functions.

LEGAL REFERENCES

The Board of Land Commissioners was created by the State Constitution under Article X, Section 4, for the purpose of directing, controlling, leasing, exchanging and selling school lands and lands which have been or may be granted for the support and benefit of the various state educational institutions, under such regulations and restrictions as may be provided by law. Article X also prescribes specific restrictions and guidelines for the administration of such lands and the revenues arising therefrom.

The Department of State Lands was re-established by Title 82A, Chapter 11, R.C.M., 1947; authority and responsibilities are set forth in Title 81. The purpose is to administer the lands granted to the State of Montana, and the funds arising from these lands.

Title 50, Chapters 10, 12, 14, and 15 gives responsibility to the Department for the assurance of reclamation on land disturbed by mining operations and the orderly development of coal resources to assure the wise use and to prevent the waste of coal.

Title 69, Chapter 65, RCM (MEPA) and Title 82, Chapter 42, RCM (APA) have placed additional legal responsibilities and duties upon the Department. Compliance with these additional legal requirements has increased the costs of administration. The Attorney General has continued the assignment of a member of his staff to assist the Department, but increasing legal responsibilities have made it imperative to retain full time counsel.

PRINCIPAL GOALS

The Department of State Lands exists to administer the lands granted to the state and the state funds entrusted into its care, to the best interests of the various state schools and institutions, and for the attainment of other worthy objects helpful to the well-being of the people of the state.

The State land resource is to be so managed as to insure its optimum use and secure an adequate return to the trust.

The Department is further charged with the administration of Montana's reclamation laws. In that responsibility the agency must assure that lands disturbed by mining be restored to productive and beneficial use by requiring the best reclamation possible under existing circumstances.

MAJOR ACCOMPLISHMENTS

LAND RECLAMATION

Significant steps were taken to establish rules and regulations to implement reclamation legislation enacted by the 1973 Legislature.

STATUTORY GRAZING FORMULA MODIFICATION

Supported legislation which increased grazing fees, resulting in an approximate increase of \$1 million annually beginning in 1974.

RECREATION CLASSIFICATION SURVEY

An inventory which classifies state trust land for future and present value for recreational multiple use and recreational quality was completed on 81,000 acres of trust land on the east slope Continental Divide area. The program was increased in 1973 by establishing two inventory areas: Southwestern Montana and Mid-Missouri-Smith River area.

SELECTION OF GRANT LANDS

Evaluation of lands to permit completion of state selection of acreage still due Montana under original land grants was continued.

ISLAND OWNERSHIP

The first comprehensive inventory of possible state owned islands in the Yellowstone River was initiated.

COST SHARE RESOURCE DEVELOPMENT PROGRAM

A procedure was established which allows the department to invest in certain land improvements on trust lands by cost sharing with the lessee rather than total development by the state.

PROGRAM INVENTORY AND COST ANALYSIS SUMMARY

	<u>F/Y 1972-73</u>	<u>F/Y 1971-72</u>	<u>Increase (decrease)</u>
Central Management	\$257,685	\$262,537	(4,852)
Land Administration	111,539	108,786	2,753
Resource Development	127,783	235,034	(107,251)*
Reclamation	<u>100,674</u>	<u>62,067</u>	<u>38,607 **</u>
Total Program	\$597,681	\$668,424	(70,743)
Personal Services	\$283,539	\$250,380	\$ 33,159
Operation Expenses	84,536	78,884	5,652
Capital	84,606	194,160	(109,554)
Grants and Benefits	<u>145,000</u>	<u>145,000</u>	<u>-----</u>
Total by Object	\$597,681	\$668,424	(70,743)
General Fund	\$465,250	\$429,710	\$ 35,540
Earmarked Revenue Fund	<u>132,431</u>	<u>238,714</u>	<u>(106,283)</u>
Total Funding	\$597,681	\$668,424	(70,743)

*Reduction of Resource Development expenditures in F/Y 72-73 created by implementation of an accrual accounting system at the end of F/Y 71-72. Expenditure total for F/Y 71-72 includes projects in progress on June 30, 1971 and project expenditures encumbered by June 30, 1972. Expenditure totals for F/Y 72-73 includes only project expenditures encumbered from July 1, 1972 to June 30, 1973. Some reduction is also due to project design delays.

**Increase in reclamation staff and expenses.

PROGRAM DESCRIPTION AND PERFORMANCE ANALYSIS

CENTRAL MANAGEMENT PROGRAM

Goal: Provide the necessary clerical and accounting services for the effective management of state lands and the reclamation program.

Objectives:

1. Complete the transition of all hand posted lease records to machine posting.
2. Transfer all of the manually maintained accounting records to the computerized statewide budgeting and accounting system.

Achievements:

1. The hand posting of approximately 3200 leases has been replaced by machine posting.
2. Department appropriation records were transferred to the statewide budgeting and accounting system.

LAND ADMINISTRATION PROGRAM

Goal: Manage all state trust lands so as to secure the optimum advantage to the various institutional trusts through adequate appraisal and land use supervision.

Objectives:

1. Appraise each tract of state land the year prior to lease renewal.
2. Identify tracts with problems and institute management necessary to protect and improve the resource.
3. Expand information as to the potential of all state tracts to determine best use.
4. Complete the selection of federal lands still due the state.

- Achievements:
1. Initiated an inventory of the location and ownership status of islands in the Yellowstone River.
 2. Evaluated 12,253.11 acres of Public Domain land with mineral potential for possible selection to satisfy land grants due the state. Of this total, 3,561.85 acres has been confirmed as "Good" on a scale of "Good, Fair and Poor" by the Montana Bureau of Mines and Geology. A selection of federal Public Domain is now being entered on a formal application which will be submitted to the State Land Board in the near future.
 3. Completed appraisal of 1376 tracts of state trust land.
 4. Established a new field appraisal and inventory procedure.
 5. Supported legislation establishing new statutory grazing fee formula.

RESOURCE DEVELOPMENT PROGRAM

Goal: Develop or preserve state trust land resources so as to increase returns to the trust, and to perfect title to lands claimed by the state.

- Objectives:
1. Invest state funds, from earmarked account, in projects that will maintain or increase revenue from state lands.
 2. Accumulate resource information on tracts of state land to assure optimum use.
 3. Institute action to secure title to lands claimed by the state.

Achievements: 1. Invested \$19,371.04 in projects to develop and conserve state land resources.

2. Completed a 81,000 acre classification of state trust land for recreational value or quality in the East Slope Continental Divide Area. The inventory program was expanded to two inventory areas in 1973: Southwestern Montana and the Mid-Missouri-Smith River region.

RECLAMATION PROGRAM

Goal: Administer the mining reclamation statutes and regulations uniformly to all mining operations to assure that disturbed lands are rapidly reclaimed to a productive and beneficial use.

Objectives: 1. Maintain uniform administration and enforcement of all reclamation statutes and regulations.

2. Gather research data relevant to specific reclamation problems.

3. Increase personnel in specific technical fields so as to better serve the public and industry in evaluation of permit data, mining procedures, reclamation plans and on-site inspections.

Achievements: 1. Developed rules and regulations to implement reclamation laws enacted by the 1973 legislature.

2. Increased inspection and supervision of mining activities with additional professional reclamation supervisors.

3. Provided staff expertise for the Montana Coal Task Force and the Montana Energy Advisory Council.

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ANNUAL REPORT
of the
DEPARTMENT OF STATE LANDS

TO THE
GOVERNOR OF MONTANA
HONORABLE THOMAS L. JUDGE

FOR THE
FISCAL YEAR ENDED
June 30, 1974

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The Honorable Thomas L. Judge
Governor
State of Montana
Helena, MT 59601

Dear Governor Judge:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Department of State Lands covering the fiscal year ended June 30, 1974.

Major accomplishments during the year include:

1. A record income of \$18.8 million dollars was processed.
2. Mining permits for the 5 major coal strip mines were issued pursuant to Title 50, Chapter 10.
3. A formal application to select 3,660 acres of high coal potential land was submitted to the federal government.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ted Schwinden".

Ted Schwinden, Commissioner

TABLE OF CONTENTS

	<u>Page</u>
Agency Organization	1
Legal References	3
Major Responsibilities	4
Major Accomplishments	5
Program Cost Summary	6
Program Analysis	7

AGENCY ORGANIZATION

STATE BOARD OF LAND COMMISSIONERS

OFFICER

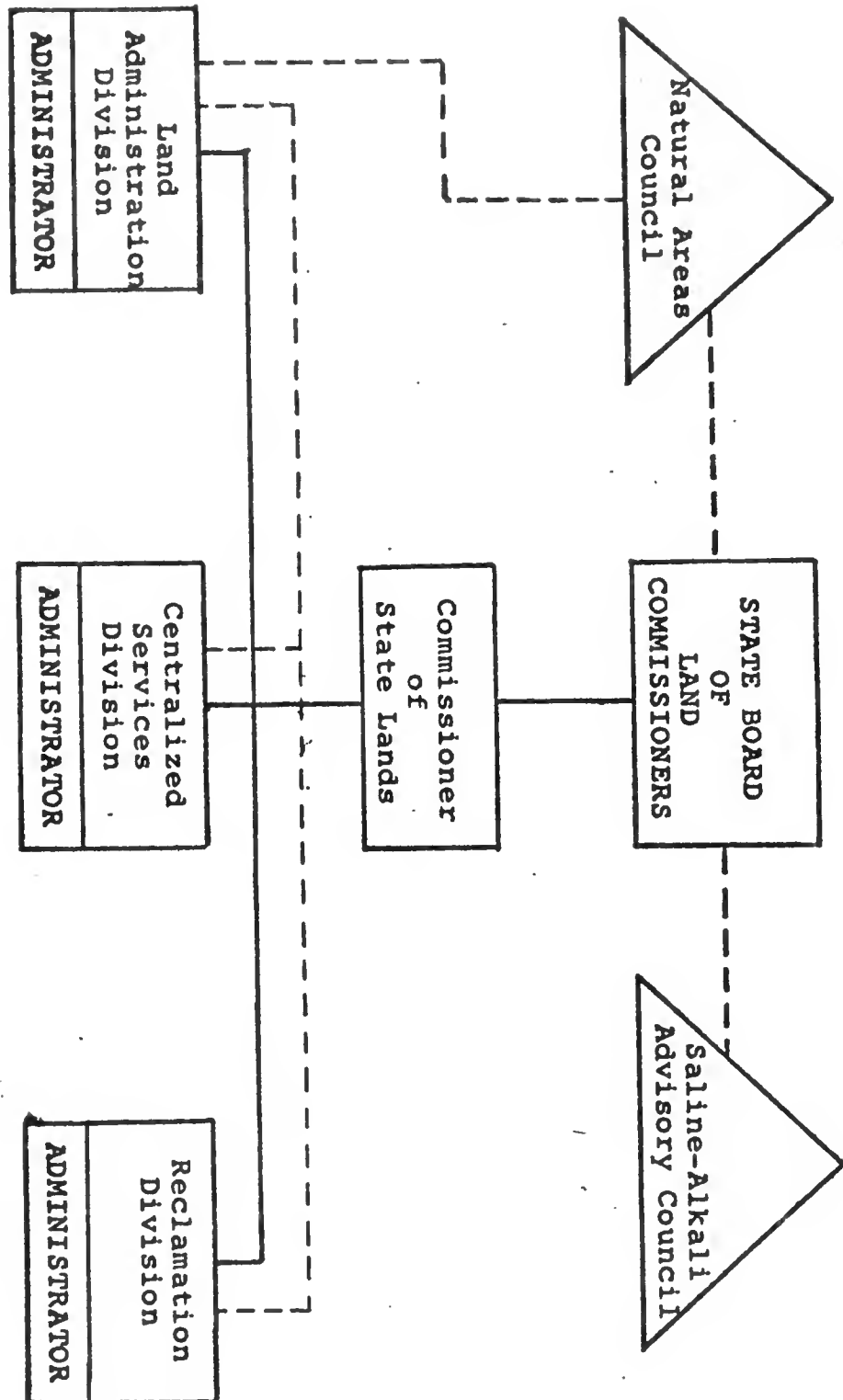
Thomas L. Judge, President Governor	2 Carson, Helena
Dolores Colburg, Member Superintendent of Public Instruction	528 W. Lawrence, Helena
Frank Murray, Member Secretary of State	825 Hauser Blvd., Helena
E.V. Omholt, Member State Auditor	1915 12th St., Helena
Robert L. Woodahl, Member Attorney General	Gruber Estates, Box 34, Clancy

PRINCIPAL ADMINISTRATIVE OFFICERS

Commissioner	Ted Schwinden
Land Administration Division Administrator	Robert S. Raundal
Centralized Services Division Administrator	John Osborne
Reclamation Division Administrator	C. C. McCall
*Staff Services Division Administrator	Robert S. Duncan
**Principal Office	State Capitol Building Helena, Montana 59601

* The Staff Services Division was discontinued after the end of the fiscal year. A current organizational chart is on the next page.

** The Department has moved its principal office to 1625 Eleventh Street, Helena, Montana. The mailing address is Capitol Station, Helena, Montana 59601.



LEGAL REFERENCES

The Board of Land Commissioners was created by the State Constitution under Article X, Section 4, for the purpose of directing, controlling, leasing, exchanging and selling school lands and lands which have been or may be granted for the support and benefit of the various state educational institutions, under such regulations and restrictions as may be provided by law.

The Department of State Lands was re-established by Title 82A, Chapter 11, R.C.M. 1947. The authority and responsibilities for the administration of lands granted to the State of Montana and the funds arising from these lands are set forth in Title 81.

Title 50, Chapters 10, 12, 14, 15 and 16 gives responsibility to the Department for the assurance of reclamation on land disturbed by mining operations and the orderly development of coal resources to assure the wise use and to prevent the waste of coal.

New legislation during 1974 which will have a material effect on the Department's operations is summarized below:

Chapter 280 ("The Strip Mine Siting Act") directs the Department to regulate the location of new strip mines and the preparatory work associated with those mines. Draft rules were developed by the end of the fiscal year.

Chapter 254 ("Montana Natural Areas Act of 1974") established a new program for the designation, acquisition and management of natural areas. Preliminary work in coordination, inventory, and rules development was accomplished by the end of the fiscal year.

Chapter 8, which revised the State Land classification procedures, will have a significant effect on the management and uses of State trust land. A new bureau was established after the end of the fiscal year to implement the law.

S.B. 737, which appropriated funds to the Department for a saline-alkali study, has involved the Department in the funding and establishment of programs and research for the control of dryland and irrigation salinity. Development of a program for implementation during the current fiscal year was accomplished.

MAJOR RESPONSIBILITIES

The Department of State Lands exists to administer the lands granted to the State and the state funds entrusted into its care, to the best interests of the various State schools and institutions, and for the attainment of other worthy objects helpful to the well-being of the people of the State. The State land resource is to be managed as to insure its optimum use and secure an adequate return to the trust. The 1974 legislature directed the Department to begin establishment of a "natural areas" system for the state.

The Department is further charged with the administration of Montana's reclamation laws. In that responsibility the agency must assure that lands disturbed by mining be restored to productive use and that the location of new strip mines is suitable to such restoration.

Another major responsibility is the development and continued involvement in research, education, implementation and policy requirements for the control of dryland and irrigation salinity.

MAJOR ACCOMPLISHMENTS

1. Trust Income

A record income of \$18.8 million dollars was processed. The portion of this income allotted for the support of common schools represented 20.6 percent of the total amount distributed by the State for such support.

2. Reclamation

The Montana Strip Mining and Reclamation Act was implemented with the permitting of 5 major coal strip mines.

3. Land Selection

A formal application for selection of 3,661 acres of high coal potential grant lands was made to the federal government.

4. Resource Development

Projects to develop 1,078 acres of trust land for irrigation were completed or contracted.

5. Land Management

Supported legislation which will implement multiple use management of trust lands by revising the land classification requirements.

PROGRAM INVENTORY AND COST ANALYSIS SUMMARY

	<u>F/Y 1972-1973</u>	<u>F/Y 1973-1974</u>	<u>INCREASE (DECREASE)</u>
County Equilization	\$ 145,000	\$ 160,000	\$ 15,000
Central Management	112,685	130,507	17,822
Land Administration	111,539	105,021	(6,518)
Staff Services	--0--	38,797	38,797*
Resource Development	127,783	220,828	93,045**
Mine Reclamation	<u>100,674</u>	<u>154,604</u>	<u>53,930***</u>
 TOTAL PROGRAMS	 <u>\$ 597,681</u>	 <u>\$ 809,757</u>	 <u>\$ 212,076</u>
 Personal Services	 \$ 283,539	 \$ 357,353	 \$ 73,814
Operational Expenses	84,536	114,187	29,651
Equipment	<u>5,234</u>	<u>10,537</u>	<u>5,303</u>
Total Operating Costs	\$ 373,309	\$ 482,077	\$ 108,768
Capital Outlay	79,372	167,680	88,308
Grants and Benefits	<u>145,000</u>	<u>160,000</u>	<u>15,000</u>
 TOTAL BY OBJECT	 <u>\$ 597,681</u>	 <u>\$ 809,757</u>	 <u>\$ 212,076</u>
 General Fund	 \$ 465,250	 \$ 566,167	 \$ 100,917
Earmarked Revenue Fund	<u>132,431</u>	<u>243,590</u>	<u>111,159</u>
 TOTAL FUNDING	 <u>\$ 597,681</u>	 <u>\$ 809,757</u>	 <u>\$ 212,076</u>

*Staff Services was a new program for 1973-1974. Program was discontinued at end of fiscal year.

**Major increase was in resource development projects (Capital Outlay).

***Increase in professional staff due to new legislation.

PROGRAM ANALYSIS

COUNTY EQUILIZATION

Goal

To ease the tax burden in counties which have a reduced tax base because of state owned land.

Objective

1. To make in-lieu tax payments to counties containing more than 6% state trust land.

Evaluation

1. \$160,000 payment was made to 18 counties.

CENTRAL MANAGEMENT

Goal

Process all state trust land income, maintain modern accounting records, service all leases with promptness and accuracy, supply payroll and purchasing services for the department.

Objective

1. Process all state trust land income.
2. Complete the transition of all hand posted lease records to machine posting.
3. Transfer all manually maintained records to the computerized statewide budgeting and accounting system.

Evaluation

1. Processed a record \$18.8 million in trust income.
2. 90% of the lease records have been replaced by machine posting.

3. 95% of the accounting records have been transferred the statewide budgeting and accounting system.

LAND ADMINISTRATION

Goals

To manage and inspect state trust land to insure proper use and maximum return to the trust.

Objectives

1. Make field evaluations of 4.5 million acres of state trust land on a regular basis.
2. Identify parcels with use problems and take management steps necessary to protect or enhance the resource.
3. Complete selection of lands still due the state under provisions of the enabling act.

Evaluation

1. All parcels up for lease renewal were inspected and evaluated. 90% of all agricultural land was evaluated for crop yields. All mineral leases were inspected.
2. Established first rest rotation grazing system on 4,082 acres of grazing land.
3. Application was completed for selection of 3,660 acres of lieu land with high coal production value.

STAFF SERVICES

Goals

To provide legal, environmental, program development, and policy assistance to the Department.

Objectives

1. Prepare all environmental impact statements and to coordinate environmental assessment responsibilities of the Department.
2. To generally assist the Commissioner and other Divisions on legal, resource and policy problems.
3. To assist the Department in implementation of new legislation and programs.

Evaluation

1. Four major environmental impact statements for coal mining permits were prepared. A new environmental assessment procedure was implemented.
2. Assisted the reclamation division in evaluation and analysis of all major mining operations. At the request of legislators and division administrators concepts were developed for the 1974 legislature to regulate the construction of strip mine facilities, to establish a geothermal leasing program, revise the trust land classification system, and establish a "natural areas" system.
3. Assisted in the development of rules and regulations for all reclamation acts enacted by the 1973 and 1974 legislatures. Developed a saline-alkali program for implementation on July 1, 1974.

RESOURCE DEVELOPMENT

Goals

Develop and improve state trust land to increase income to

trust or to restore and preserve the lands.

Objectives

1. Invest state funds in development or conservation projects.
2. Accumulate resource data on state lands to assure optimum management of the trust.

Evaluation

1. Projects to develop 1,078 acres of trust land for irrigation were completed or contracted. 786 acres of range renovation projects were completed.
2. 61,133 acres were evaluated for recreational value. 70 parcels in the Powder River Basin were inventoried for water use in order to establish water rights for trust lands. 101 water right applications were filed.

MINE RECLAMATION

Goal

Administer all reclamation laws in order to minimize environmental damage from mineral development and to assure that mined lands are restored to productive and beneficial use.

Objectives

1. Bring all subject mining operations into compliance with the law.
2. Maintain uniform enforcement of reclamation requirements.
3. Increase level of professional evaluation and monitoring of mining operations to minimize environmental damage.

Evaluation

1. Over 1,100 mining operations were issued permits, evaluated or inspected. 5 coal strip mine permits were issued and 64 prospecting permits were issued under the 1973 "Montana Strip Mining and Reclamation Act". 39 contracts under the 1973 "Open Cut Mining Act" were issued.
2. A plan was devised and implemented to inspect all mining operations on at least an annual basis depending upon the rate of disturbances, size of operation, past operator performance levels and potential for environmental degradation. Seven violations of the reclamation acts resulted in citations and fines. A standardized records system was established to insure efficient evaluation and monitoring of mining operations.
3. Personnel with expertise in Civil and Mining Engineering, Land Appraisal, Wildlife Biology, Recreation Area Management, Hydrology, Geology, Forestry and Soils were added to the staff. The division was reorganized into 3 bureaus in order to divide responsibility on the basis of mining operation types.

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